

Biomass Power Association Encourages House Ways and Means Committee to Renew Expiring Tax Provisions *Biomass Industry Relies on 1603 Program, Tax Credits*

Washington, DC – April 26, 2012 – Biomass Power Association today encouraged the extension of tax provisions upon which the industry relies for the construction of new facilities and the employment of thousands of Americans. The Association submitted testimony to the House Ways and Means Committee Subcommittee on Select Revenue Measures for its hearing on “Certain Expiring Tax Provisions.”

The statement reads: “We applaud the goal of avoiding the picking of ‘winners and losers’ or otherwise distorting energy markets. The biomass industry depends on a federal tax policy that is fair, consistent, and provides appropriate incentives that are designed to promote development. There are significant opportunities for new biomass electricity projects in many parts of the country—projects that create jobs, sustain rural economies, and promote capital investment.”

In its statement for the record, Biomass Power Association outlined three programs that are essential to the future growth and solvency of the biomass industry, including:

- **Extension of the Section 1603 Treasury Grant Program.** This program was designed to encourage the development of renewable energy facilities by giving potential facility owners the choice of opting for a grant rather than Section 45 tax credits. As a result, renewable energy projects become a more stable investment for private funding. These grants have facilitated an estimated \$1.3 billion in private investment for the industry.
- **Extension of the Placed-in-Service Date for Open-Loop Biomass.** Construction on biomass facilities often takes five years or more – a longer period than the construction of most other renewable energy projects. This makes it difficult for many potential biomass facilities to qualify for valuable production tax credits (PTCs). Extension of the placed-in-service date would, in effect, allow biomass the same tax treatment as its renewable counterparts.
- **Passage of H.R. 2286, the Renewable Energy Parity Act.** Introduced by Wally Herger (R-CA) and Mike Thompson (D-CA), this legislation would level the playing field among renewable energy sources by awarding them the same PTC rates.

Biomass power is a \$1 billion industry with 80 facilities in 20 states and provides over 14,000 jobs nationwide. Power plants are predominately located in rural communities, creating thousands of jobs and producing millions in revenue for small towns. Biomass power is a clean and abundant source of electricity that will allow states to pursue even more aggressive goals for increasing their use of renewable energy in the future.